

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION

MANCOS PROJECT, COLORADO

CONTRACT AMONG THE UNITED STATES, THE MANCOS WATER CONSERVANCY  
DISTRICT, AND THE MANCOS RURAL WATER COMPANY FOR  
MUNICIPAL AND INDUSTRIAL WATER

This contract, made this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, pursuant to the Water Conservation and Utilization Act (WCUA) of August 11, 1939 (53 Stat.1418) among the UNITED STATES OF AMERICA, hereinafter called the United States or the Contracting Officer, represented by the Regional Director, Upper Colorado Region, Bureau of Reclamation; and the MANCOS WATER CONSERVANCY DISTRICT, organized and existing under the laws of the State of Colorado, hereinafter referred to as the District, with its principal place of business in the Town of Mancos, Montezuma County, Colorado; and the MANCOS RURAL WATER COMPANY, also with its business location in Mancos, Colorado, hereinafter referred to as the Contractor.

WITNESSETH, THAT:

WHEREAS, the United States has constructed the Mancos Project and has entered into Contract No. I1r-1384, dated July 20, 1942, as amended, with the District, hereinafter referred to as the Government-District contract, which contract provides, among other things, for the construction, operation, and maintenance of the Mancos Project and repayment of certain costs to the United States by the District, and;

WHEREAS, the Contractor desires an additional 300 acre feet of municipal and industrial (M&I) Project Water from Project facilities, and;

WHEREAS, the United States, pursuant to the provisions of the Water Conservation and Utilization Act of August 11, 1939, in consultation with the District, has determined that there is additional Project Water available and such uses are compatible with the use and purpose for which said facilities were constructed.

1 NOW, THEREFORE, in consideration of the mutual and dependent stipulations and  
2 covenants herein contained, it is agreed as follows:

3  
4 TERM OF CONTRACT

5 1. (a) This contract shall be effective from the date of execution until December 31,  
6 2045.

7 (b) If the Contractor desires to continue use of Project facilities after the expiration of  
8 this Contract, the United States, the District, and the Contractor shall enter into good faith  
9 negotiations with regard to contract renewal prior to expiration of the Contract. The Contract  
10 may be renewed upon such terms and conditions as may be mutually agreeable to the United  
11 States, the District, and the Contractor for the use of Project Water. Any such renewal shall be  
12 subject to applicable Federal law, State law, and Reclamation policy in existence at the time of  
13 renewal.

14  
15 USE AND DELIVERY OF WATER

16 2. Beginning with the year 2006 and each year thereafter as long as this contract is in  
17 effect, the District agrees to deliver through the Mancos Project facilities, the Contractor's  
18 Project municipal and industrial water allocation described as follows:

19 (a) Existing M&I Water Allocations under existing contracts:

20 1968 and 1971 Contracts - 50 acre feet

21 1995 Contract - 200 acre feet

22 (b) Additional Conditional Allocation for up to - 300 acre feet

23 Total = 550 acre feet

24 (c) The conditional water allocated will conform to the Colorado statutes and the  
25 District's by-laws and water policies.

26 (d) The Contractor, at its sole cost and expense, will provide facilities to convey the  
27 water from the point of delivery to the place of use. The Contractor agrees to bear a pro-rata  
28 share of all conveyance and evaporation losses from the diversion point to the point of delivery.

1 COST OF PROJECT WATER

2 3. (a) The Contractor agrees to provide an annual payment to the United States as  
3 compensation for the use of the additional allocation of Project Water. This annual payment is  
4 based on the annual contract rate times the number of acre-feet used each year. For 2006, the  
5 annual contract rate is established as \$30 per acre-foot. The annual contract rate will be adjusted  
6 for each subsequent year by the average annual Consumer Price Index for all-urban consumers –  
7 West Region as published by the Department of Labor.

8 (b) The first payment will be due upon execution of this contract for the amount of water  
9 estimated to be used in the first year. Subsequent payments shall be made in advance on or  
10 before February 1 of each year thereafter as long as this contract is in effect. The United States  
11 will bill the Contractor by January 1 of each year, and the Contractor agrees to pay the United  
12 States within 30 days of receipt of said bill. If the actual amount of water used is different from  
13 the amount estimated for the annual payment, any adjustments will be made on the next annual  
14 billing.

15 (c) Any receipts from the above payments will be deposited into the General Fund of the  
16 Department of the Treasury and credited according to Section 8 of the WCUA.

17 (d) The Contractor agrees to pay annually to the District a proportionate share of the  
18 operation, and maintenance charges for project works used to deliver Project Water. The first  
19 payment shall be due upon execution of this contract, and subsequent payments, as determined  
20 by the District, shall be made on or before March 31 of each year thereafter during the term of  
21 this contract. The District will notify the Contractor 30 days in advance of the due date of the  
22 amount of the subsequent payments.

23  
24 CONDITIONS AFFECTING USE AND DELIVERY OF WATER

25 4. (a) Neither the United States nor the District shall be responsible for the failure to  
26 deliver water as provided in this contract resulting from lack of water supply or for any cause.  
27 The United States and District also reserve the right to temporarily cease deliveries of water  
28 through the Mancos Project facilities during periods when the facilities are dewatered for  
29 inspection, maintenance, and other operating requirements.

1 (b) The Contractor agrees not to interfere with any valves, meters, or other device used  
2 by the District for the distribution of water through project facilities by any means whatsoever,  
3 and shall not in any way obstruct the project facilities or permit its agents or employees to do so.

4 The District is hereby authorized to cease delivering the water of the Contractor for such periods  
5 of time as may be determined by the District if the Contractor, its agents or employees violate the  
6 provisions of this article.

7 (c) This contract is made pursuant to the WCUA of 1939 and will not impair the  
8 efficiency of the Project for irrigation purposes.

9 (d) The Project Water to be delivered is not potable water.

#### 10 11 MEASUREMENT AND RESPONSIBILITY FOR DISTRIBUTION

12 5. (a) The water to be provided herein will be delivered at the outlet works of Jackson  
13 Gulch Dam. The Contractor agrees to provide and maintain a measuring device, which is  
14 acceptable to the Contracting Officer and District, at or near the Contractor's point of diversion,  
15 to measure the quantity of water delivered and diverted under this contract.

16 (b) The District will provide an annual accounting to the United States of the amount of  
17 Project Water delivered through Project facilities pursuant to this contract.

18 (c) Neither the United States nor the District shall be responsible for the control,  
19 handling, use, disposal, or distribution of water taken by the Contractor hereunder, and the  
20 Contractor shall indemnify and hold the United States and District harmless on account of  
21 damage or claim of damage of any nature whatsoever, including property damage, personal  
22 injury, or death arising out of or connected with the control, handling, use, disposal, or  
23 distribution of such water by the Contractor.

#### 24 25 UNITED STATES NOT LIABLE FOR WATER SHORTAGES - ADJUSTMENTS

26 6. There may occur at times during any year a shortage in the quantity of water  
27 available to the Contractor through and by means of the Project, but in no event shall any  
28 liability accrue against the United States or any of its officers, agents, or employees for any  
29 damage, direct or indirect, arising from a shortage on account of drought, errors in operation, or  
30 any other causes.

1 TERMINATION

2 7. This Contract may be terminated on January 1 of any year by the mutual written  
3 agreement of the parties hereto. It is the intent of the United States and the parties hereto that  
4 this Contract remain in force for the full term of this Contract unless terminated or replaced by  
5 mutual agreement by another contract pursuant to federal law.

6  
7 **STANDARD ARTICLES**

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9 CHARGES FOR DELINQUENT PAYMENTS

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11 8. (a) The Contractor shall be subject to interest, administrative, and penalty charges on  
12 delinquent payments. If a payment is not received by the due date, the Contractor shall pay an  
13 interest charge on the delinquent payment for each day the payment is delinquent beyond the due  
14 date. If a payment becomes 60 days delinquent, in addition to the interest charge, the Contractor  
15 shall pay an administrative charge to cover additional costs of billing and processing the  
16 delinquent payment. If a payment is delinquent 90 days or more, in addition to the interest and  
17 administrative charges, the Contractor shall pay a penalty charge for each day the payment is  
18 delinquent beyond the due date, based on the remaining balance of the payment due at the rate of  
19 6 percent per year. The Contractor shall also pay any fees incurred for debt collection services  
20 associated with a delinquent payment.

21 (b) The interest charge rate shall be the greater of either the rate prescribed quarterly in  
22 the Federal Register by the Department of the Treasury for application to overdue payments or  
23 the interest rate of 0.5 percent per month. The interest charge rate will be determined as of the  
24 due date and remain fixed for the duration of the delinquent period.

25 (c) When a partial payment on a delinquent account is received, the amount received  
26 shall be applied first to the penalty charges, second to the administrative charges, third to the  
27 accrued interest, and finally to the overdue payment.

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29 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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31 9. (a) The obligation of the Contractor to pay the United States and the District as  
32 provided in this contract is a general obligation of the Contractor notwithstanding the manner in  
33 which the obligation may be distributed among the Contractor's water users and notwithstanding  
34 the default of individual water users in their obligation to the Contractor.

35 (b) The payment of charges becoming due pursuant to this contract is a condition  
36 precedent to receiving benefits under this contract. The United States and the District shall not  
37 make water available to the Contractor through Mancos Project facilities during any period in  
38 which the Contractor is in arrears in the advance payment of water rates due the United States or  
39 the District. The Contractor shall not deliver water under the terms and conditions of this  
40 contract for lands or parties that are in arrears in the advance payment of water rates as levied or  
41 established by the Contractor.

1 CONFIRMATION OF CONTRACT

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3 10. The Contractor, after the execution of this contract, shall furnish to the Contracting  
4 Officer evidence that pursuant to the laws of the State of Colorado, the Contractor is a legally  
5 constituted entity and the contract is lawful, valid, and binding on the Contractor. This contract  
6 shall not be binding on the United States or the District until such evidence has been provided to  
7 the Contracting Officer's satisfaction.  
8

9 NOTICES

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11 11. Any notice, demand, or request authorized or required by this contract shall be  
12 deemed to have been given when mailed, postage prepaid, or delivered to the Regional Director,  
13 Upper Colorado Region, Bureau of Reclamation, 125 South State Street, Room 6107, Salt Lake  
14 City, Utah 84148-1192, or to the Mancos Water Conservancy District, 42888 County Road N,  
15 Mancos, Colorado 81328, or to the Mancos Rural Water Company, P.O. Box 308, Mancos,  
16 Colorado 81328. The designation of the addressee or the address may be changed by notice  
17 given in the same manner as provided in this article for other notices.  
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19 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

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21 12. The expenditure or advance of any money or the performance of any obligation of  
22 the United States under this contract shall be contingent upon appropriation or allotment of  
23 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any  
24 obligations under this contract. No liability shall accrue to the United States in case funds are  
25 not appropriated or allotted.  
26

27 OFFICIALS NOT TO BENEFIT

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29 13. No Member of or Delegate to the Congress, Resident Commissioner, or official of  
30 the Contractor shall benefit from this contract other than as a water user or landowner in the  
31 same manner as other water users or landowners.  
32

33 CHANGES IN CONTRACTOR'S ORGANIZATION

34  
35 14. While this contract is in effect, no change may be made in the Contractor's  
36 organization by any other changes which may affect the respective rights, obligations, privileges,  
37 and duties of either the United States, the District, or the Contractor under this contract  
38 including, but not limited to, dissolution, consolidation, or merger, except upon the Contracting  
39 Officer's written consent.  
40

41 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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43 15. The provisions of this contract shall apply to and bind the successors and assigns of  
44 the parties hereto, but no assignment or transfer of this contract or any right or interest therein by  
45 either party shall be valid until approved in writing by the other party.

1  
2 BOOKS, RECORDS, AND REPORTS  
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4 16. The Contractor shall establish and maintain accounts and other books and records  
5 pertaining to administration of the terms and conditions of this contract, including the  
6 Contractor's water supply data; water-use data; and other matters that the Contracting Officer  
7 and the District may require. Reports shall be furnished to the Contracting Officer and the  
8 District in such form and on such date or dates as the Contracting Officer and the District may  
9 require. Subject to applicable Federal and State laws and regulations, each party to this contract  
10 shall have the right during office hours to examine and make copies of the other party's books  
11 and records relating to matters covered by this contract.  
12

13 RULES, REGULATIONS, AND DETERMINATIONS  
14

15 17. (a) The parties agree that the delivery of water or the use of Federal facilities  
16 pursuant to this Contract is subject to Federal reclamation law, as amended and supplemented,  
17 and the rules and regulations promulgated by the Secretary of the Interior under Federal  
18 reclamation law.

19 (b) The Contracting Officer shall have the right to make determinations necessary to  
20 administer this Contract that are consistent with the expressed and implied provisions of this  
21 Contract, the laws of the United States and the State, and the rules and regulations promulgated  
22 by the Secretary of the Interior. Such determinations shall be made in consultation with the  
23 Contractor.  
24

25 PROTECTION OF WATER AND AIR QUALITY  
26

27 18. (a) Project facilities used to make available and deliver water to the Contractor shall  
28 be operated and maintained in the most practical manner to maintain the quality of the water at  
29 the highest level possible as determined by the Contracting Officer: *Provided, That* the United  
30 States and the District do not warrant the quality of the water delivered to the Contractor and are  
31 under no obligation to furnish or construct water treatment facilities to maintain or improve the  
32 quality of water delivered to the Contractor.

33 (b) The Contractor shall comply with all applicable water and air pollution laws and  
34 regulations of the United States and the State of Colorado; and shall obtain all required permits  
35 or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of  
36 water by the Contractor; and shall be responsible for compliance with all Federal, State, and  
37 local water quality standards applicable to surface and subsurface drainage and/or discharges  
38 generated through the use of Federal or Contractor facilities.

39 (c) This article shall not affect or alter any legal obligations of the Secretary to provide  
40 drainage or other discharge services.  
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## EQUAL EMPLOYMENT OPPORTUNITY

19. During the performance of this contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, disability, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, disability, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, disability, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965 or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase



1 order as may be directed by the Secretary of Labor as a means of enforcing such  
2 provisions, including sanctions for noncompliance: *Provided, however*, that in the event  
3 the Contractor becomes involved in, or is threatened with, litigation with a subcontractor  
4 or vendor as a result of such direction, the Contractor may request the United States to  
5 enter into such litigation to protect the interests of the United States.  
6

## 7 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

8

9 20. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
10 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112, as amended), the  
11 Age Discrimination Act of 1975 (42 U.S.C. 6101, *et seq.*), Title II of the Americans with  
12 Disabilities Act of 1990 if the entity is a State or local government entity [Title III if the entity is  
13 a non-government entity], and any other applicable civil rights laws, as well as with their  
14 respective implementing regulations and guidelines imposed by the U.S. Department of the  
15 Interior and/or Bureau of Reclamation.

16 (b) These statutes require that no person in the United States shall be excluded from  
17 participation in, be denied the benefits of, or be otherwise subjected to discrimination under any  
18 program or activity receiving financial assistance from the Bureau of Reclamation on the  
19 grounds of race, color, national origin, disability, or age. By executing this Contract, the  
20 Contractor agrees to immediately take any measures necessary to implement this obligation,  
21 including permitting officials of the United States to inspect premises, programs, and documents.

22 (c) The Contractor makes this agreement in consideration of and for the purpose of  
23 obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal  
24 financial assistance extended after the date hereof to the Contractor by the Bureau of  
25 Reclamation, including installment payments after such date on account of arrangements for  
26 Federal financial assistance which were approved before such date. The Contractor recognizes  
27 and agrees that such Federal assistance will be extended in reliance on the representations and  
28 agreements made in this article and that the United States reserves the right to seek judicial  
29 enforcement thereof.

30 (d) Complaints of discrimination against the Contractor shall be investigated by the  
31 Contracting Officer's Office of Civil Rights.  
32

## 33 MEDIUM FOR TRANSMITTING PAYMENTS

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35 21. (a) All payments from the Contractor to the United States under this contract shall  
36 be by the medium requested by the United States on or before the date payment is due. The  
37 required method of payment may include checks, wire transfers, or other types of payment  
38 specified by the United States.

39 (b) Upon execution of the contract, the Contractor shall furnish the Contracting Officer  
40 with the Contractor's taxpayer's identification number (TIN). The purpose for requiring the  
41 Contractor's TIN is for collecting and reporting any delinquent amounts arising out of the  
42 Contractor's relationship with the United States.  
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1 CONTRACT DRAFTING CONSIDERATIONS

2  
3 22. Articles 1 through 22 of this Contract have been drafted, negotiated, and reviewed by  
4 the parties hereto, each of whom is sophisticated in the matters to which this Contract pertains,  
5 and no one party shall be considered to have drafted the stated articles.  
6

7  
8  
9 IN WITNESS WHEREOF, the parties hereto have signed their names the day and year first  
10 above written.  
11

12  
13 Approved:

UNITED STATES OF AMERICA

14  
15  
16 \_\_\_\_\_  
17 Office of the Regional Solicitor

\_\_\_\_\_  
Regional Director  
Upper Colorado Region  
Bureau of Reclamation

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22 ATTEST:

MANCOS WATER CONSERVANCY DISTRICT

23  
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25 \_\_\_\_\_  
26 Secretary

\_\_\_\_\_  
President

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29 ATTEST:

MANCOS RURAL WATER COMPANY

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33 By  
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